

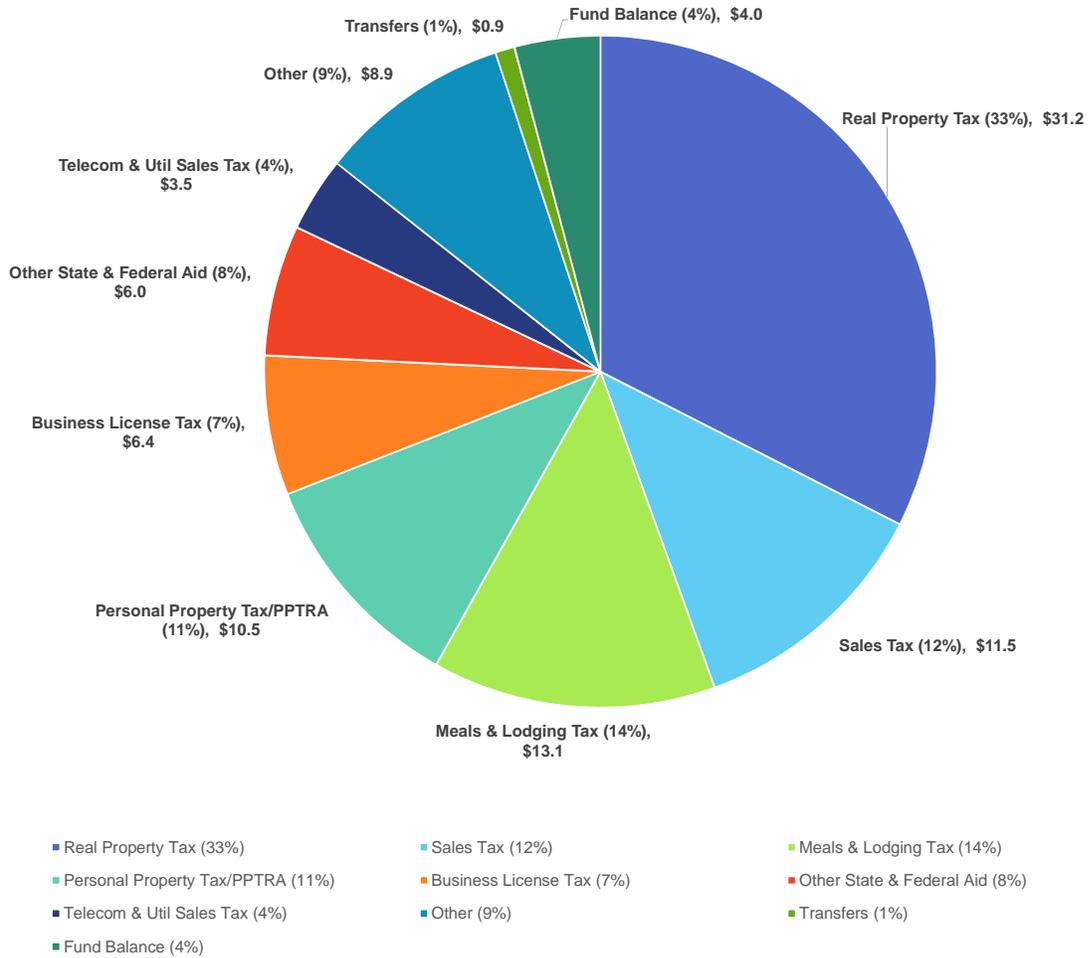
GENERAL FUND SUMMARY						
	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Change FY18- FY19	% Change FY18-FY19
<u>Sources</u>						
Real Property Tax	29,172,523	30,044,758	30,990,000	31,225,000	235,000	0.8%
Sales Tax	11,176,401	11,376,302	11,350,000	11,500,000	150,000	1.3%
Meals Tax	10,693,375	11,141,603	11,100,000	11,500,000	400,000	3.6%
Lodging Tax	1,432,190	1,524,371	1,450,000	1,600,000	150,000	10.3%
Personal Property Tax	8,502,227	8,622,738	8,675,000	8,775,000	100,000	1.2%
PPTRA	1,728,833	1,728,833	1,725,000	1,728,000	3,000	0.2%
Business License Tax	6,101,499	6,320,104	6,100,000	6,445,000	345,000	5.7%
Street Maintenance	2,710,907	2,799,781	2,950,000	2,950,000	-	0.0%
Other State & Federal Aid	2,315,949	2,319,110	2,367,100	2,308,100	(59,000)	-2.5%
Law Enforcement Assistance	778,544	803,612	810,000	810,000	-	0.0%
Telecommunication Sales Tax	1,724,961	1,682,625	1,750,000	1,650,000	(100,000)	-5.7%
Consumer Utility Tax	1,810,911	1,808,256	1,850,000	1,800,000	(50,000)	-2.7%
Other	8,939,313	9,025,609	8,787,900	8,903,900	116,000	1.3%
Transfers	613,500	613,500	900,000	900,000	-	0.0%
Fund Balance	-	-	2,670,000	3,955,000	1,285,000	48.1%
Total	87,701,133	89,811,202	93,475,000	96,050,000	2,575,000	2.75%
<u>Uses</u>						
City Council	232,629	238,847	247,480	248,010	530	0.2%
City Manager	742,266	814,983	928,164	942,368	14,204	1.5%
Clerk of the Council	113,224	117,448	114,662	112,330	(2,332)	-2.0%
Clerk of the Circuit Court	714,942	783,129	849,715	850,260	545	0.1%
Commissioner of the Revenue	939,977	972,241	1,013,048	1,069,234	56,186	5.5%
Commonwealth's Attorney	1,313,614	1,329,459	1,346,955	1,441,104	94,149	7.0%
Courts	177,433	185,486	213,434	206,510	(6,924)	-3.2%
Economic Development	1,122,426	953,236	960,533	1,036,278	75,745	7.9%
Fire	6,197,988	6,510,680	7,045,311	7,123,954	78,643	1.1%
Fiscal Affairs	806,989	841,140	915,368	929,803	14,435	1.6%
General Assessment	172,529	4,288	1,000	275,000	274,000	27400.0%
HR	371,107	357,012	372,965	433,705	60,740	16.3%
Insurance	758,137	858,574	1,413,000	969,000	(444,000)	-31.4%
IT	1,290,109	1,257,026	1,455,285	1,609,362	154,077	10.6%
Legal Services	364,869	337,615	376,169	380,169	4,000	1.1%
Planning	852,245	680,458	710,766	759,490	48,724	6.9%
Building	813,297	754,093	805,960	805,787	(173)	0.0%
ARB/BZA	100,142	19,895	3,400	5,200	1,800	52.9%
Parks, Recreation & Events	2,593,448	2,681,776	2,682,593	2,849,643	167,050	6.2%
Police	9,151,624	9,331,332	9,627,248	9,824,304	197,056	2.0%
Public Facilities	2,166,543	2,245,767	2,630,681	2,871,731	241,050	9.2%
Public Works	7,767,881	8,341,703	6,969,322	6,895,008	(74,314)	-1.1%
Safety	100,460	105,873	117,811	129,390	11,579	9.8%
Sheriff	2,135,099	2,182,350	2,217,199	2,299,266	82,067	3.7%
Transportation Division		81,213	154,080	157,292	3,212	2.1%
Treasurer	792,093	767,893	838,927	883,973	45,047	5.4%
Voter Registrar	252,940	268,323	226,191	307,136	80,945	35.8%
Schools	27,610,210	27,760,210	28,560,210	29,060,210	500,000	1.8%
Correction & Detention	4,371,923	4,576,070	4,794,450	4,192,000	(602,450)	-12.6%
Outside Agencies	2,957,864	3,164,971	3,168,170	3,025,263	(142,907)	-4.5%
OPEB	968,579	75,000	-	-	-	--
Debt Service	7,108,076	7,319,846	8,149,008	8,273,000	123,992	1.5%
Transfers	5,401,744	5,321,981	4,565,895	6,084,221	1,518,326	33.3%
TOTAL	90,462,407	91,239,918	93,475,000	96,050,000	2,575,000	2.75%

	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Change FY18- FY19	% Change FY18-FY19
Other Funds - Expenditure Summary						
Special Revenue Funds						
Social Services Fund	4,770,803	5,260,232	5,642,469	6,126,905	484,436	8.6%
City Grants Fund	1,331,857	1,241,170	1,525,328	1,605,545	80,217	5.3%
Children's Services Act Fund	1,605,261	1,874,432	1,949,468	2,794,989	845,521	43.4%
Central Park Special Tax District	0	0	0	262,000	262,000	--
Storm Water Management Fund	25,403	210,500	562,099	581,323	19,224	3.4%
Forfeited Asset Sharing Fund	32,680	16,711	0	0	0	--
Fredericksburg Opportunity Fund				75,000	75,000	--
Blight Abatement	9,075	22,320	95,000	95,000	0	0.0%
Environmental (Stormwater)	25,728	192,566	562,099	581,323	19,224	3.4%
Component Unit Funds						
Schools						
<i>Operating</i>	40,999,191	42,120,900	43,740,830	44,626,789	885,959	2.0%
<i>Grants</i>	5,348,182	5,141,035	5,141,035	5,376,277	235,242	4.6%
Economic Development Authority	867,800	651,040	95,000	165,000	70,000	73.7%
Enterprise Funds						
-						
Water Operating Fund	3,275,041	4,409,765	5,101,580	5,193,594	92,014	1.8%
Wastewater Operating Fund	5,521,334	7,073,784	7,740,947	7,862,561	121,614	1.6%
Transit Fund	5,710,744	5,624,033	5,833,614	5,979,624	146,010	2.5%
Parking Fund	443,485	781,000	872,239	734,809	(137,430)	-15.8%
Capital Funds						
School Capital	261,294	395,484	715,000	1,090,000	375,000	52.4%
School Bond Funded Capital	1,846,473	9,279,165	1,300,000	-	(1,300,000)	-100.0%
Public Works	5,710,952	2,664,573	9,501,361	9,437,000	(64,361)	-0.7%
Public Facilities	1,245,254	726,349	2,560,270	4,577,000	2,016,730	78.8%
Public Safety	1,843,785	1,460,013	57,000	1,250,000	1,193,000	2093.0%
Courts	1,578,692	202,215	250,000	-	(250,000)	-100.0%
Water System Improvement			1,254,500	2,200,000	945,500	75.4%
Wastewater System Improvement			750,000	7,875,000	7,125,000	950.0%
Debt Service Funds						
-						
General Obligation Bond	4,161,572	4,332,054	4,327,664	4,485,691	158,027	3.7%
Education Bond	3,788,921	3,887,478	4,256,850	4,222,052	(34,798)	-0.8%
Trust Funds						
Riparian Lands	77,923	56,937	87,813	93,324	5,511	6.3%
Other Post Employment Benefits (OPEE)	3,500	1,348	5,000	5,000	-	0.0%
Fiduciary / Agency Funds (Information Only)						
<i>Rappahannock Area Office on Youth</i>				1,457,447		
<i>Rappahannock Regional Justice Academy</i>				1,170,275		
<i>Court Services Unit</i>				282,483		
<i>Celebrate Virginia South CDA</i>				1,746,150		
<i>Special Welfare Revenue Funds</i>				25,000		

GENERAL FUND REVENUE SUMMARY

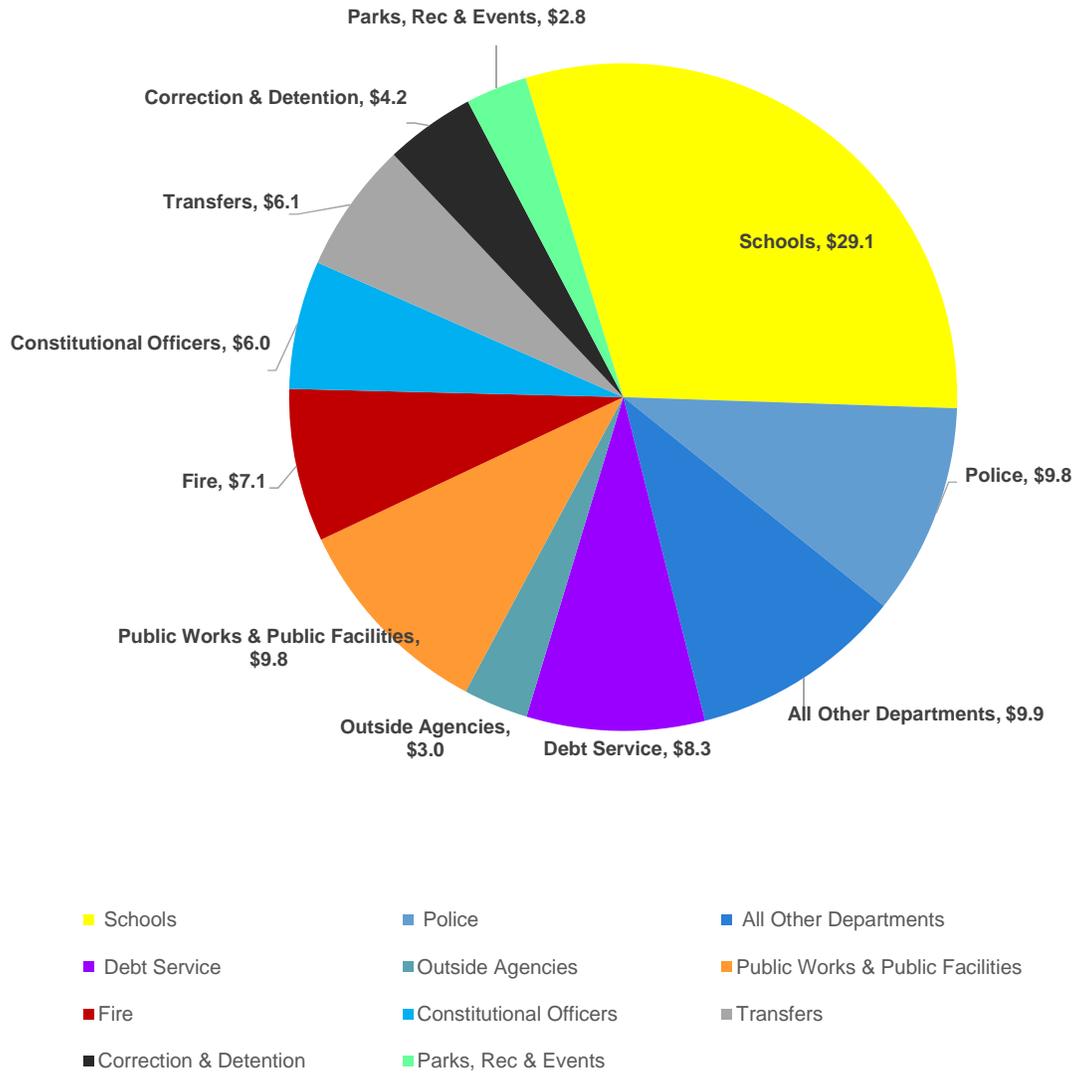
	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted	Variance FY18 - FY19	% Change FY18-FY19
Real Property Tax	\$ 29,172,523	\$ 30,044,758	\$ 30,990,000	\$ 31,225,000	\$ 235,000	0.76%
Sales Tax	11,176,401	11,376,302	11,350,000	11,500,000	150,000	1.32%
Meals Tax	10,693,375	11,141,603	11,100,000	11,500,000	400,000	3.60%
Lodging Tax	1,432,190	1,524,371	1,450,000	1,600,000	150,000	10.34%
Personal Property Tax	8,502,227	8,622,738	8,675,000	8,778,000	103,000	1.19%
PPTRA	1,728,833	1,728,833	1,725,000	1,728,000	3,000	0.17%
Business License Tax	6,101,499	6,320,104	6,100,000	6,445,000	345,000	5.66%
Street Maintenance	2,710,907	2,799,781	2,950,000	2,950,000	-	0.00%
Other State & Federal Aid	2,315,949	2,319,110	2,367,100	2,288,100	(79,000)	-3.34%
Law Enforcement Assistance	778,544	803,612	810,000	810,000	-	0.00%
Telecommunication Sales Tax	1,724,961	1,682,625	1,750,000	1,650,000	(100,000)	-5.71%
Consumer Utility Tax	1,810,911	1,808,256	1,850,000	1,800,000	(50,000)	-2.70%
Other	8,939,313	9,025,609	8,787,900	8,920,900	133,000	1.51%
Transfers	613,500	613,500	900,000	900,000	-	0.00%
Fund Balance	-	-	2,670,000	3,955,000	1,285,000	48.13%
Total	\$ 87,701,133	\$ 89,811,202	\$ 93,475,000	\$ 96,050,000	\$ 2,575,000	2.75%

FY 2019 ADOPTED BUDGET
 GENERAL FUND REVENUE SUMMARY
 (\$ Millions)



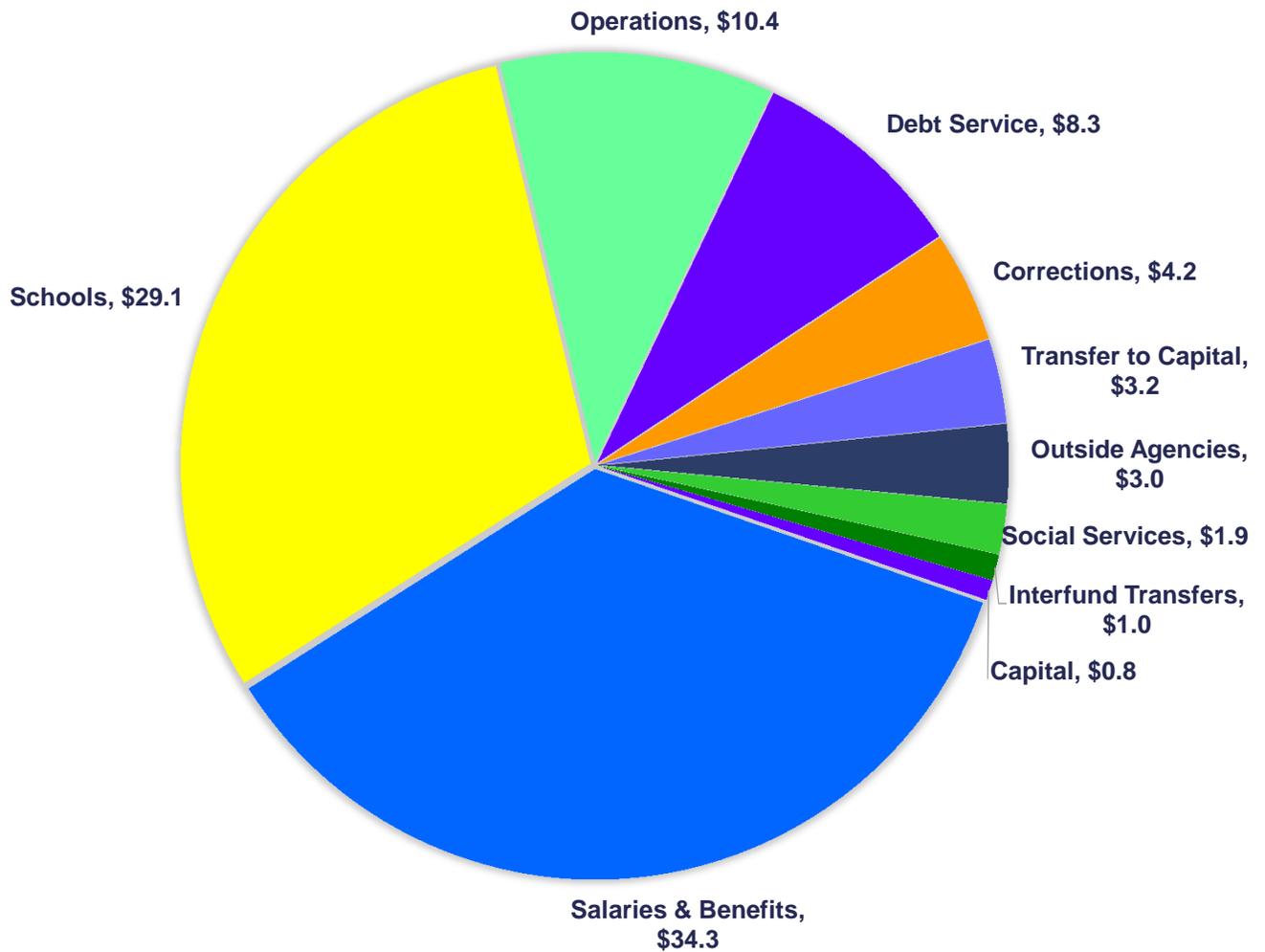
FY 2019 ADOPTED Budget - General Fund Expenditure Summary by Department					
Department	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted	FY19-FY18 Variance	% Change
City Council	238,847	247,480	248,010	530	0.2%
City Manager	814,983	928,164	942,368	14,204	1.5%
Clerk of the Council	117,448	114,662	112,330	(2,332)	-2.0%
Clerk of the Circuit Court	783,129	849,715	850,260	545	0.1%
Commissioner of the Revenue	972,241	1,013,048	1,069,234	56,186	5.5%
Commonwealth's Attorney	1,329,459	1,346,955	1,441,104	94,149	7.0%
Courts	185,486	213,434	206,510	(6,924)	-3.2%
Economic Development	953,236	960,533	1,036,278	75,745	7.9%
Fire	6,510,680	7,045,311	7,123,954	78,643	1.1%
Fiscal Affairs	841,140	915,368	929,803	14,435	1.6%
General Assessment	4,288	1,000	275,000	274,000	27400.0%
HR	357,012	372,965	433,705	60,740	16.3%
Insurance	858,574	1,413,000	969,000	(444,000)	-31.4%
IT	1,257,026	1,455,285	1,609,362	154,077	10.6%
Legal Services	337,615	376,169	380,169	4,000	1.1%
Planning	680,458	710,766	759,490	48,724	6.9%
Building	754,093	805,960	805,787	(173)	0.0%
ARB/BZA	19,895	3,400	5,200	1,800	52.9%
Parks, Recreation & Events	2,681,776	2,682,593	2,849,643	167,050	6.2%
Police	9,331,332	9,627,248	9,824,304	197,056	2.0%
Public Facilities	2,245,767	2,630,681	2,871,731	241,050	9.2%
Public Works	8,341,703	6,969,322	6,895,008	(74,314)	-1.1%
Safety	105,873	117,811	129,390	11,579	9.8%
Sheriff	2,182,350	2,217,199	2,299,266	82,067	3.7%
Transportation Division	81,213	154,080	157,292	3,212	2.1%
Treasurer	767,893	838,927	883,973	45,047	5.4%
Voter Registrar	268,323	226,191	307,136	80,945	35.8%
Schools	27,760,210	28,560,210	29,060,210	500,000	1.8%
Correction & Detention	4,576,070	4,794,450	4,192,000	(602,450)	-12.6%
Outside Agencies	3,164,971	3,168,170	3,025,263	(142,907)	-4.5%
OPEB	75,000	-	-	-	
Debt Service	7,319,846	8,149,008	8,273,000	123,992	1.5%
Transfers	5,321,981	4,565,895	6,084,221	1,518,326	33.3%
TOTAL	91,239,918	93,475,000	96,050,000	2,575,002	2.75%

FY 2019 Adopted Budget General Fund Expenditures by Department



FY 2019 ADOPTED Budget - General Fund Expenditure Summary by Category						
Department	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted	FY19-FY18 Variance	% Change
Salaries & Wages	22,042,662	21,695,569	22,757,819	23,411,791	653,972	2.9%
Fringe Benefits	10,803,377	10,653,632	11,254,988	10,918,745	(336,243)	-3.0%
Dues & Membership	55,648	53,268	63,530	62,430	(1,100)	-1.7%
Joint Operations	223,501	1,397,134	288,000	302,000	14,000	4.9%
Materials & Supplies	1,748,979	1,764,678	1,910,937	2,014,188	103,251	5.4%
Other Non-Personal	156,786	158,661	160,920	173,820	12,900	8.0%
Purchased Services	3,945,301	3,547,864	4,081,409	4,747,291	665,882	16.3%
Travel & Training	221,810	208,504	260,920	278,770	17,850	6.8%
Utilities, Comm., Rentals, Etc.	2,395,409	2,515,074	2,625,329	2,788,509	163,179	6.2%
Correction & Detention	4,371,923	4,576,070	4,794,450	4,192,000	(602,450)	-12.6%
Outside Agencies	2,957,864	3,164,971	3,168,170	3,025,263	(142,907)	-4.5%
Interfund Transfers - DSS CSA	1,832,640	1,742,706	1,715,275	1,880,000	164,725	9.6%
Transfer to Capital	3,007,000	2,947,650	2,000,000	3,180,000	1,180,000	59.0%
Interfund Transfers - Other	562,104	631,625	850,620	984,221	133,601	15.7%
Transfer to Schools	27,610,210	27,760,210	28,560,210	29,060,210	500,000	1.8%
Transfer to Debt Service	7,108,076	7,319,846	8,149,008	8,273,000	123,992	1.5%
Capital Outlay	1,419,115	1,102,457	833,415	757,762	(75,653)	-9.1%
TOTAL	90,462,407	91,239,918	93,475,000	96,050,000	2,575,000	2.75%

FY 2019 ADOPTED BUDGET
 GENERAL FUND EXPENDITURES BY CATEGORY
 (\$MILLIONS)



■ 35.7% Salaries & Benefits	■ 30.3% Schools	■ 10.8% Operations
■ 8.6% Debt Service	■ 4.4% Corrections	■ 3.3% Transfer to Capital
■ 3.1% Outside Agencies	■ 2.0% Social Services	■ 1.0% Interfund Transfers
■ 0.8% Capital		

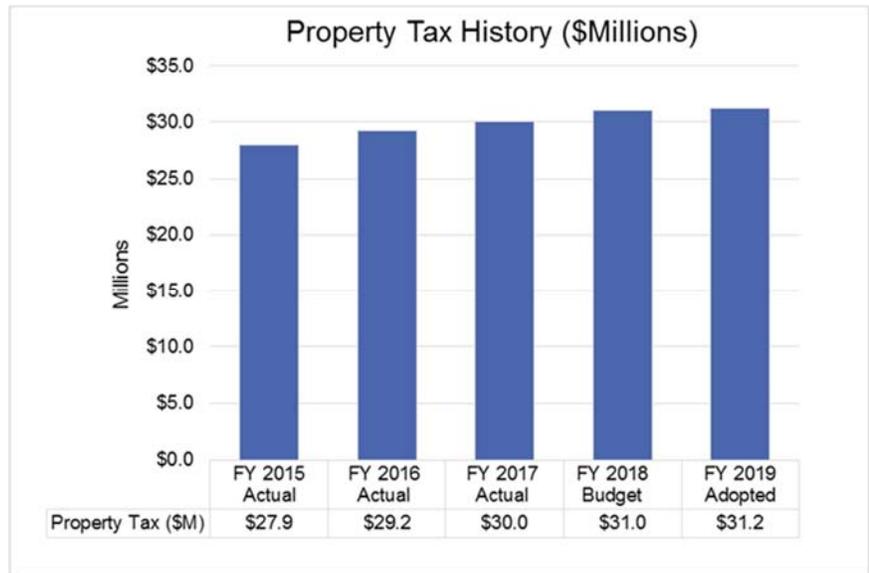
GENERAL FUND REVENUE DISCUSSION & ANALYSIS

The following Discussion and Analysis will highlight some of the major developments for certain revenue sources in the General Fund. The FY 2019 General Fund forecast for all sources, including revenue and use of fund balance, is \$96,050,000. This represents a 2.75% increase over the FY 2018 original adopted budget of \$93,475,000.

The City's base revenues, excluding the use of fund balance, were forecasted to be \$92,095,000 – an increase of 1.42% over the prior year's original budget forecast of \$90,805,000.

Real Estate Taxes

The City's largest revenue source is the real property tax. The FY 2019 Adopted Budget maintains the current real estate property tax rates. The current rate for general government purposes is 79 cents per \$100 of valuation. An additional 1 cent per \$100 of real estate value is levied for storm water purposes. The revenue generated from the 79 cent General Fund levy is forecasted to generate \$31.2 million. This is an



increase of 0.8% or \$235,000 which includes a \$210,000 increase in current collections and a \$25,000 increase in delinquent collections. The property tax base is forecast to grow by \$34 million due to new construction in the City.

Property Tax Rates				
Fiscal Year	General Government	Stormwater	Total Tax Rate	
2014	\$0.74		\$0.74	
2015	\$0.79		\$0.79	
2016	\$0.82		\$0.82	
2017	\$0.77		\$0.77	Re-assessment
2018	\$0.79	\$0.01	\$0.80	
2019	\$0.79	\$0.01	\$0.80	Adopted

Real property in the City is reassessed on a four-year cycle. The last reassessment was effective July 1, 2016 for FY 2017. Funding for the next reassessment is included in the FY 2019 budget. The re-assessment will take place beginning in FY 2019 and continuing through FY 2020. The new property values will be used

to set the property tax rate effective July 1, 2020 for FY 2021. The corresponding table is a history of the City's property tax rates.

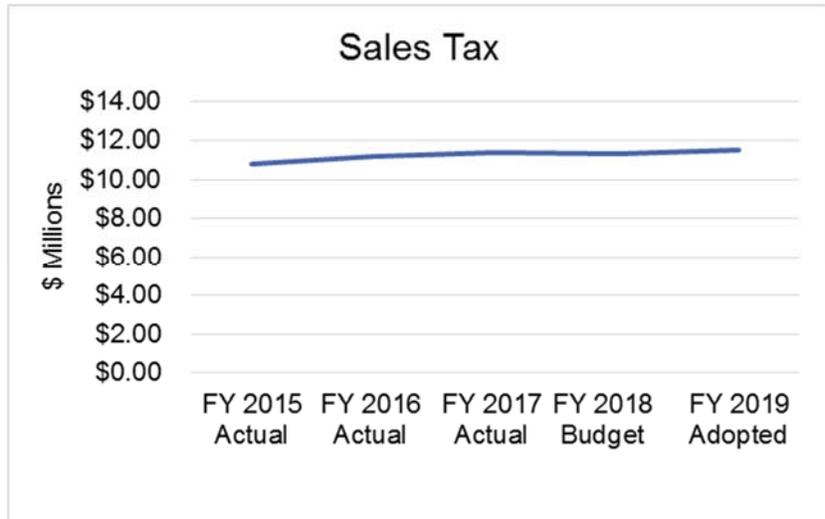
Public Service Corporation – Real Estate Taxes

Unlike most property in the City, several companies (known as Public Service Corporations) are exempt from the process of the general property re-assessment. These companies, which

include utilities and railroads, have assessments of value done by the State Corporation Commission on a statewide basis, with the results given to localities for real estate tax billing in August of every year for the upcoming calendar year. The values are also discounted to the localities' current assessment to value ratio that is calculated by the Department of Taxation. There is a limited amount of business personal property owned by the Public Service Corporations that is sited and taxed by the City, based upon values provided by the state. The values provided by the state are then taxed by the City using the City's tax rates for the entire locality. The forecast for FY 2019 is \$820,000, a 3.5% decline over the FY 2018 budget.

Sales Taxes

The Commonwealth of Virginia allows a local option sales tax of 1%, which is collected along with the state sales tax of 4.3% and remitted to the localities by the state Department of Taxation, based upon the location of the sale. Sales taxes, meals taxes, and BPOL taxes all fluctuate with the City's economic conditions.

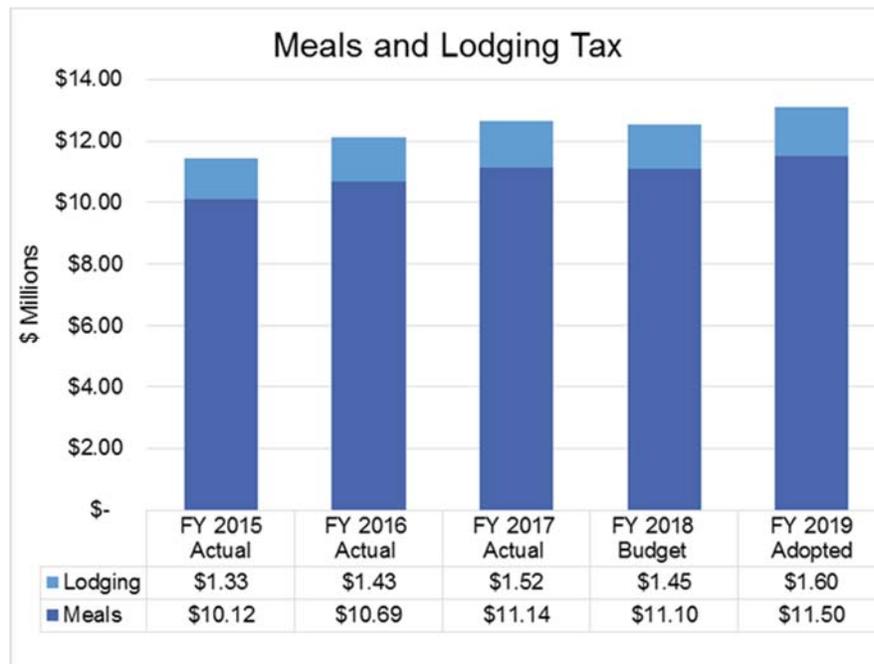


The City's sales tax collections are growing at a slow rate after declining for several years.

The FY 2019 budget of \$11.50 million is a modest increase of 1.3% over the FY 2018 budget and a 1.1% increase over FY 2017 actual collections.

Meals and Lodging Tax

Tax collections for the City's Meals Tax and Lodging Tax have been strong over the past few years. Both the meals tax and the lodging tax are set at 6% in the City, and the FY 2019 Adopted



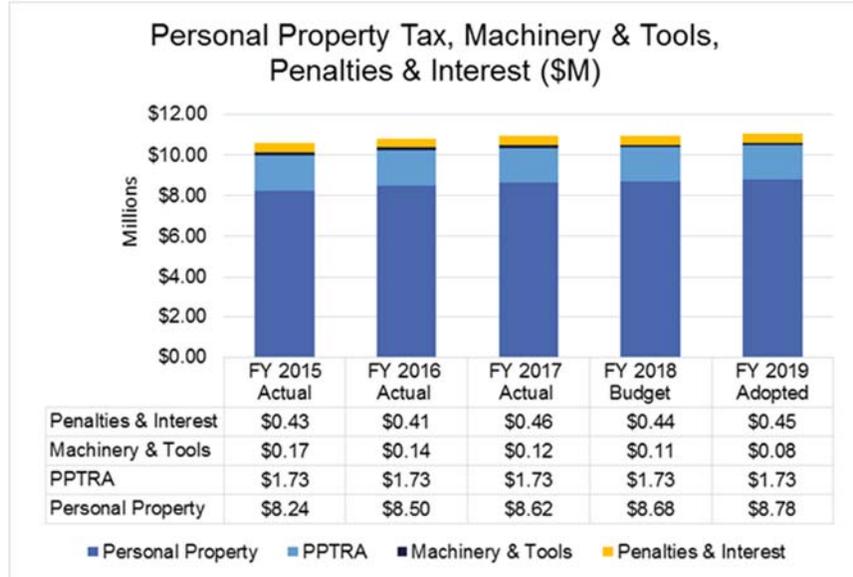
Budget maintains these rates. The City is fortunate to have a strong base of hotels. The City also has a successful restaurant community that meets high demand from both residents and visitors. In the four year period from FY14 to FY17, meals tax increased by \$1.4 million or 14% and lodging tax increased by \$326,000 or 33%. The trend in meals tax collections is expected to continue in the near future.

Meals Tax collections are budgeted at \$11.5 million

in FY 2019, an increase of \$400,000 or 3.6% over the FY 2018 budget. Lodging tax is estimated at \$1.6 million, an increase of \$150,000 or 10.3% over FY 2018. Collections to date are consistent with budgeted revenues.

Personal Property, Machinery & Tools, & PPTRA (Personal Property Tax Relief Act)

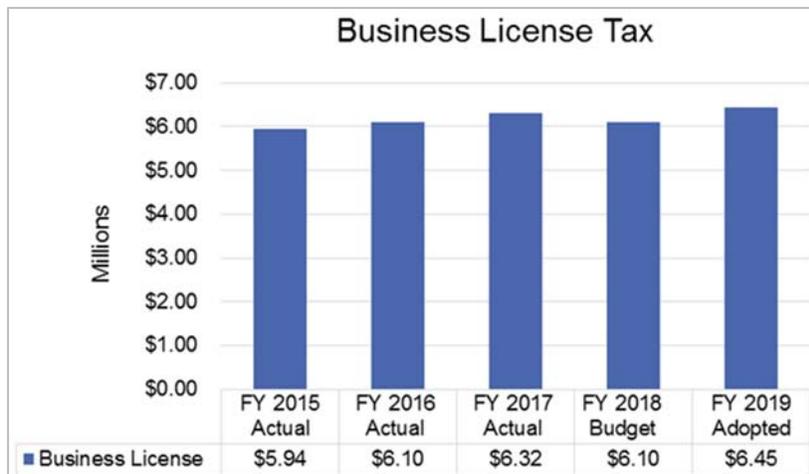
Tangible personal property, such as cars, trucks, trailers, and boats, are subject to the City’s Personal Property Tax. Unlike the real estate tax, personal property taxes are assessed and billed on a calendar year basis. The tax rate remains the same for FY 2019 at \$3.40 per \$100 in assessed value. Personal Property is forecasted to be \$8.8 million, a 1.8% increase over FY 2018.



The City also receives Machinery & Tools taxes from industries and businesses located in the City.

The Machinery & Tools tax is a property tax on certain classes of business property used for manufacturing, mining, water well drilling, processing and re-processing, radio or television broadcasting, dairy, and laundry or dry cleaning. This property is assessed separately from regular business personal property under state law. The tax rate for machinery and tools is \$.80 per \$100 of value. The FY 2019 forecast is \$76,000, which is a decrease of \$35,000 and a continuation of the downward trend for this revenue source.

Under the state’s Personal Property Tax Relief Act, the City will receive a set grant to be used for Personal Property Tax Relief. The rate of relief is calculated by the Commissioner of the Revenue and approved by the City Council. As in past years, the PPTRA grant amount is budgeted at \$1.72 million for FY 2019. Overall the personal property tax, the machinery & tools tax, and the PPTRA relief from the Commonwealth is forecasted to total \$11.0 million, a 0.8% increase over FY 2018.



Business License Tax

Businesses operating in the City are required to obtain a business license. This license must be renewed every year. The business license tax is based on the gross receipts in the prior calendar year. The vast majority of revenues are received in March.

Revenues from this source fluctuate from year to year based on business activity. However, the recent trend,

based on actual revenues has been positive. The FY 2019 budget forecast of \$6.45 million is a 5.7% increase over the FY 2018 budget of \$6.1 million.

Consumer Utilities Tax and Telecommunications Sales Tax

In FY 2007, the City began receiving the Telecommunications Sales Tax. The Telecommunications Sales Tax replaced the following taxes: Cable Franchise Fees, Consumer Utility Taxes on landline and wireless telephone s service, and the local E-911 tax. The statewide sales tax begins to tax services that were heretofore not taxed, including satellite television, paging services, and Voice-over Internet Protocol (VOIP) telephone service. The Consumer Utility Taxes is for electric and natural gas services.

Budget forecasts for FY 2019 reflect current collection trends. As a result telecommunication revenues are forecast to decline by 1.9%. Consumer utility tax is forecast to decrease by 0.5%.

\$Million	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted
Telecommunications Sales Tax	\$1.78	\$1.72	\$1.68	\$1.75	\$1.65
Consumer's Utility Taxes	\$1.86	\$1.81	\$1.81	\$1.85	\$1.80
TOTAL	\$3.64	\$3.54	\$3.49	\$3.60	\$3.45

EMS Fees

The budget forecast for EMS fees for FY 2019 includes a slight increase in the total fee revenue. The forecast of \$910,000 is 1.1% higher than the FY 2018 forecast of \$900,000.

\$Million	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted
EMS Fees	\$0.84	\$0.85	\$0.86	\$0.90	\$0.91

Refuse Collection Fees

The budget forecast for refuse collection fees for FY 2019 is \$1,100,000, which represents an increase of 7.32% over the FY 2018 forecast of \$1,025,000. This revenue source has grown in recent years as the number of customers has increased.

\$Million	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted
Refuse Collection Fees	\$0.97	\$0.99	\$1.00	\$1.03	\$1.10

Community Planning & Building Fees

The Adopted Budget for FY 2019 includes some slight variations in major categories of Community Planning and Building Fees. Effective July 1, 2017, the City implemented development review fee increases in several categories, including subdivision review, special use permits, site plan review permits, and a variety of other development review fees. These revenues may vary significantly from year to year based upon the amount of construction activity and the size and scope of development proposals that are brought for review.

\$Million	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted
Building Permits	\$0.348	\$0.402	\$0.415	\$0.450	\$0.450
Rezoning	\$0.007	\$0.005	\$0.002	\$0.007	\$0.002
Sign Permits	\$0.004	\$0.004	\$0.008	\$0.012	\$0.012
Subdivision Review	\$0.039	\$0.013	\$0.008	\$0.020	\$0.025
Special Use Permits	\$0.000	\$0.003	\$0.002	\$0.010	\$0.005
Site Plan Review	<u>\$0.066</u>	<u>\$0.097</u>	<u>\$0.136</u>	<u>\$0.075</u>	<u>\$0.080</u>
Total	\$0.463	\$0.525	\$0.571	\$0.574	\$0.574

Intergovernmental Revenues

The intergovernmental revenues for the General Fund consist almost exclusively of state-shared rather than federal revenues. The City obtains budget estimates for some revenue forecasts from the state – for example, for the law enforcement assistance funds commonly known as the “HB 599” funds. In addition, the City also forecasts Street Maintenance payments based upon a combination of historical trends and additions to the lane mileage for new streets or roads. Street Maintenance payments constitute the largest source of intergovernmental revenue in the General Fund, as the Virginia Department of Transportation shares maintenance funds with the City for the maintenance of streets and roads on a per-lane mile basis.

\$Million	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Adopted
Street Maintenance	\$2.607	\$2.711	\$2.800	\$2.950	\$2.950
Shared - Constitutional Officers	\$1.699	\$1.746	\$1.730	\$1.800	\$1.810
Law Enforcement Asst. (HB 599)	\$0.755	\$0.779	\$0.804	\$0.810	\$0.810
Other State Aid	\$0.511	\$0.529	\$0.500	\$0.537	\$0.448
Federal Aid	<u>\$0.039</u>	<u>\$0.042</u>	<u>\$0.089</u>	<u>\$0.030</u>	<u>\$0.030</u>
Total Intergovernmental	\$5.611	\$5.805	\$5.923	\$6.127	\$6.048

The City also receives state funds to support costs for the City’s constitutional officers, which perform duties both for the City and for the state. The City’s constitutional officers include the Commissioner of the Revenue, the Treasurer, the Commonwealth’s Attorney, the Sheriff, and the Clerk of the Circuit Court. For the purposes of this table, the Voter Registrar is also included. The decline in Other State Aid is related to a change in the funding formula for Wireless E911 revenues, which focuses more on population rather than call volume.

Transfers from Other Funds

The revenues in the FY 2019 Adopted Budget include the transfers from other funds to the General Fund totaling \$900,000. A transfer of \$300,000 from the Water Utility Fund and \$300,000 from the Wastewater Utility Fund are related to overhead. In addition there is a \$300,000 transfer from the Schools to support debt service on the bonds issued for the Walker Grant Center. FY 2019 is the second of five years that this transfer will occur.

ANALYSIS OF FUND BALANCE USE IN THE GENERAL FUND

The FY 2019 Adopted Budget, includes the use of \$3,955,000 of fund balance. Of this amount, \$3,180,000 is Assigned Fund Balance related to capital projects. The remaining \$775,000 of budgeted fund balance is unassigned. The unassigned balance will be used to fund the \$500,000 included in the budget as contingency and \$275,000 related to the reassessment. This use is within the City's financial policies for the use of fund balance.

The City's total General Fund Balance at the close of FY 2017 was \$24,275,393. The fund balance consists of five categories: Non-spendable, Restricted, Committed, Assigned, and Unassigned.

General Fund Balance FY 2017 Year End	
Category	
Non-spendable	\$427,347.00
Restricted	\$100,466.00
Committed	
Future Capital Projects	\$6,198,550.00
Other Committed	\$698,652.00
Subtotal: Committed	\$6,897,202.00
Assigned	
Detention Stabilization	\$976,619.00
Other Assigned	\$19,653.00
Subtotal: Assigned	\$996,272.00
Unassigned	\$15,854,106.00
Total General Fund Balance	\$24,275,393.00

Use of Assigned Fund Balance

The FY 2019 budget includes a total of \$3,180,000 of the Fund Balance Assigned for Capital to transfer to the City's capital funds for cash-funded capital projects.

Fund Balance Assigned for Capital – Analysis	Budget	Actual
FY 2017 (includes GF & School)	-	\$6,198,550
FY 2018 – Budget As Amended	\$2,275,000	-
FY 2019 – Adopted Budget	\$3,190,000	-

Use of Unassigned Fund Balance

The FY 2019 budget also includes a use of \$775,000 of the Unassigned Fund Balance for two separate purposes. The General Property Re-assessment, which is budgeted at \$275,000, is included in the General Fund using fund balance. The budget also includes an amount of \$500,000 as a Contingency in the General Fund.

Unassigned Fund Balance - Analysis	Budget	Actual
FY 2017	-	\$15,854,106
FY 2018 – Budget As Amended	\$470,000	-
FY 2019 – Adopted Budget	\$775,000	-

The level of Unassigned Fund Balance in the General Fund will remain compliant with the Council's current policy target of 12% of the prior year revenues in FY 2018 and FY 2019. If the City Council raised the target to 15% of the prior year revenues, the level of Unassigned Fund Balance in the FY 2019 Adopted Budget would still be compliant with the new target.

Policy Test – Unassigned Fund Balance		
	Budget	Actual
FY 2017 Unassigned Fund Balance		\$15,854,106
Budgeted Use of Balance in FY 2018 & 19 Budget	\$1,245,000	-
Test: Deduct Use of Balance in FY 18 & 19 Budget	\$14,609,106	-
	Target	Test Margin
Current Policy Target – 12% of PY Revenues	\$10,701,788	\$3,907,318
Proposed Policy Target – 15% of PY Revenues	\$13,377,235	\$1,231,871

Addition to Fund Balance Assignment for Regional Detention Stabilization

The FY 2019 Adopted Budget also includes an addition, in accordance with the City Council's financial policies, to the Fund Balance Assigned for Regional Detention Stabilization of \$605,000 based upon a decrease in funding for the Regional Detention Facilities.

Historical Analysis for Assignment for Regional Detention Stabilization	
Initial Assignment	\$1,250,000
FY 2017 Use for Juvenile Center True-up	(\$273,381)
FY 2018 Initial Use – Based on RRJ Increase	(\$275,000)
FY 2018 – Credit for Positive True-Up RJC	\$100,316
Projected Balance at Close of FY 2018	\$801,935
Add: FY 2019 Budget	\$605,000
Projected Balance at the Close of FY 2019	\$1,406,935

Total Use of Fund Balance

The City has drawn on fund balance reserves in the past several years, primarily to fund one-time capital projects, plus a one-time contribution to establish a trust fund for Other Post-Employment Benefits in FY 2016. Historically, the City uses less fund balance at the close of the fiscal year

than planned for in the budget. Nevertheless, staff and Council will need to carefully monitor the use of fund balance in the upcoming fiscal years to ensure sufficient balances are available to meet operational and capital needs, and to fund the planned cash-funded capital maintenance and improvement projects for the next several years.

Actual Use of General Fund Balance

	Total Sources	Total Uses	Change in Fund Balance	Total General Fund Balance
FY 2014	\$81,043,840	\$81,244,910	(\$201,070)	\$27,285,105
FY 2015	\$85,408,565	\$84,555,654	\$852,911	\$28,471,009
FY 2016	\$87,700,184	\$90,466,738	(\$2,766,554)	\$25,704,455
FY 2017	\$89,810,850	\$91,239,912	(\$1,429,062)	\$24,275,393

